

~~EXHIBIT~~

DATE 1/21/13

HB Now

Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	220.05	220.05	222.05	222.05	220.05	222.05	2.00	0.91%
Personal Services	10,783,866	11,413,008	11,831,180	11,816,846	22,196,874	23,648,026	1,451,152	6.54%
Operating Expenses	7,872,989	8,265,374	8,780,611	10,195,793	16,138,363	18,976,404	2,838,041	17.59%
Equipment & Intangible Assets	111,093	132,303	111,093	111,093	243,396	222,186	(21,210)	(8.71%)
Grants	8,665,823	8,994,341	11,873,156	12,115,529	17,660,164	23,988,685	6,328,521	35.84%
Benefits & Claims	240,910,744	233,267,817	266,312,767	277,940,382	474,178,561	544,253,149	70,074,588	14.78%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	86,284	87,362	76,284	76,284	173,646	152,568	(21,078)	(12.14%)
Total Costs	\$268,430,799	\$262,160,205	\$298,985,091	\$312,255,927	\$530,591,004	\$611,241,018	\$80,650,014	15.20%
General Fund	60,343,797	62,481,031	66,056,274	68,884,298	122,824,828	134,940,572	12,115,744	9.86%
State Special	34,787,255	32,683,758	37,700,802	38,292,671	67,471,013	75,993,473	8,522,460	12.63%
Federal Special	173,299,747	166,995,416	195,228,015	205,078,958	340,295,163	400,306,973	60,011,810	17.64%
Total Funds	\$268,430,799	\$262,160,205	\$298,985,091	\$312,255,927	\$530,591,004	\$611,241,018	\$80,650,014	15.20%

Program Description

The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs:

- 1) The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services;
- 2) The Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- 3) The Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 82 Montana nursing homes;
- 4) Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers;
- 5) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veteran's Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veteran's Home in Glendive; and
- 6) The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Highlights

Senior and Long Term Care Division	
Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The 2015 biennium request grows \$80.7 million (\$12.1 million general fund) compared to the 2013 biennium budget ◆ Major changes are: <ul style="list-style-type: none"> • A new proposal to expand Medicaid community services for disabled and elderly persons - \$17.1 million federal funds • Increases in enrollment and service utilization for Medicaid services - \$17.5 million total funds (\$5.9 million general fund) • A new proposal for a 2% annual provider rate increase - \$13.9 million total funds (\$5.1 million general fund) • Increases in county funded intergovernmental transfer payments to increase nursing home rates - \$14.5 million • Anticipated federal funding for aging services - \$4.4 million • Continuation of a one-time appropriation for community aging services - \$3.0 million general fund 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ Medicaid funded nursing home services would be lower if the legislature approves the expansion of community based services, which includes transitioning persons from nursing home services to community services ◆ Federal per diem payments for veterans receiving services in Montana veterans' homes could offset increases in cigarette tax funding, resulting in higher transfers of cigarette tax revenue to the general fund ◆ A recent settlement in a class action lawsuit may reduce Medicaid costs for some nursing home and home based therapeutic services due to Medicare reimbursement for those services 	

Program Narrative

The 2015 biennium budget request is \$80.7 million greater than the 2013 biennium budget. However, the changes that the legislature will consider compare each year of the 2015 biennium budget request to the base budget and total \$74.4 million.

The FY 2014 and FY 2015 change compared to the base budget is less than the biennium to biennium because:

- Base budget expenditures were \$8.5 million greater than the amount appropriated for intergovernmental transfer (IGT) payments to nursing homes
- Anticipated reductions in the number of days of care for nursing home services from FY 2012 to FY 2013 resulted in base budget expenditures being \$7.0 million higher than the FY 2013 appropriation
- The FY 2013 appropriation for IGT payments is \$7.5 million lower than base budget expenditures

The major changes included in the executive budget that the legislature will consider are:

- Rebalance long term care services spending to move additional persons into community services from state facilities and nursing homes and funding for 1.00 new FTE - \$17.1 million federal funds due to an enhanced federal Medicaid match rate for the initiative
- Enrollment and service utilization increases in Medicaid services - \$17.4 million total funds including \$5.8 million general fund

- Higher intergovernmental transfer payments using county funds to leverage additional nursing home reimbursements - \$14.4 million
- 2% annual provider rate increases - \$13.9 million total funds including \$5.1 million general fund
- Continuation of a one-time appropriation for community aging services - \$3.0 million general fund
- Construction and management of a new Southwest Veteran's Home - \$1.4 million state special revenue and funding for 1.00 FTE

SLTC 2015 Biennium Budget by Component

Figure 1 shows the 2015 biennium budget by component. Appropriations for Medicaid services are the most significant budgetary item, comprising nearly 90% of the 2015 biennium executive budget request. Veterans' services and adult protective services are each 5% of the 2015 biennium budget request, with division administration being less than 1%. The appendix includes a table showing base budget expenditures by fund and function compared to the executive budget request.

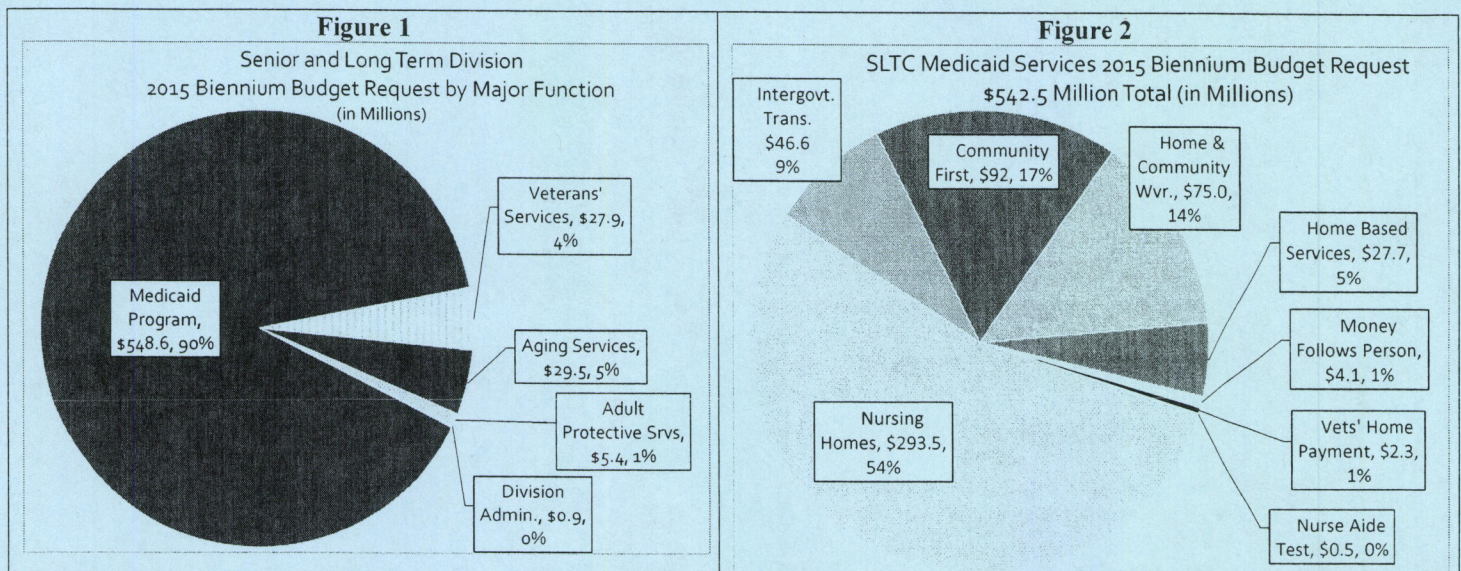


Figure 2 shows the Medicaid services appropriation request for SLTC. Nursing home costs are 54% of the total, rising to 63% when the IGT component is included. Community services comprise the balance of the request. Figure 3 shows base budget expenditures for Medicaid services compared to the executive budget request by funding.

Figure 3

Medicaid Service	Senior and Long Term Care Division											
	2012 Base Budget Expenditures and 2015 Biennium Executive Budget Request for Medicaid Services						FY 2014 Executive Request					
	FY 2012 Base Budget			FY 2012 Base Budget			FY 2014 Executive Request			FY 2014 Executive Request		
	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total
Nursing Homes	\$31,240,062	\$16,694,858	\$93,955,094	\$141,890,014	\$32,275,779	\$16,694,858	\$96,329,426	\$145,300,063	\$33,316,499	\$16,694,858	\$98,154,160	\$148,165,517
Intergovernmental Transfer	0	5,455,978	10,643,102	16,099,080	0	7,640,182	15,010,820	22,651,002	0	8,088,679	15,856,491	23,945,170
Home Based Services	12,623,846	2,394,147	29,458,495	44,476,488	3,918,628	2,394,147	12,402,836	18,715,611	652,701	2,394,147	5,972,834	9,019,682
Community Based Waiver	9,069,486	3,092,008	23,842,204	36,003,698	9,429,394	3,092,008	24,601,062	37,122,464	9,700,009	3,092,008	25,076,607	37,868,624
Money Follows the Person	0	0	0	0	409,280	0	1,213,400	1,622,680	619,951	0	1,835,259	2,455,210
Community First Choice	0	0	0	0	10,634,110	0	27,996,566	38,630,676	14,942,735	0	39,241,560	54,184,295
Vets' Home Reimbursement	0	0	1,160,820	1,160,820	0	0	1,160,820	1,160,820	0	0	1,160,820	1,160,820
Nurse Aide Testing	120,079	0	120,079	240,158	120,079	0	120,079	240,158	120,079	0	120,079	240,158
Total	\$53,053,473	\$27,636,991	\$159,179,794	\$239,870,258	\$56,787,270	\$29,821,195	\$178,835,009	\$265,443,474	\$59,351,974	\$30,269,692	\$187,417,810	\$277,039,476
2015 Biennium Total									\$116,139,244	\$60,090,887	\$366,252,819	\$542,482,950

Summary of Issues

Legislative staff has identified several issues for legislative consideration that are explained in the sub-program budget requests. Those issues are:

- The nursing home Medicaid budget request could be reduced, particularly if the legislature approves the refinance and expansion of community services included in the executive budget
- The executive budget includes higher amounts of state special revenue than may be available to fund nursing homes
- Federal VA per diem payments for veterans' homes would be higher than included in the executive budget if increases are closer to historic rates of growth in those payments
- SLTC has been requested to provide a cost containment plan to reduce costs at MVH in accordance with legislative audit recommendations
- There are several instances where information that was requested was received too late to be evaluated and included in the budget analysis

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Senior & Long-Term Care							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$134,940,572	\$0	\$0	\$134,940,572	22.1%		
State Special Total	\$75,993,473	\$0	\$0	\$75,993,473	12.4%		
02023 Private Ins. Medicaid Reim.-ve	\$9,912,842	\$0	\$0	\$9,912,842	1.6%		
02032 Vets-i&i Lease	\$37,948	\$0	\$0	\$37,948	0.0%		
02053 Medicaid Nursing Home Match	\$16,858,431	\$0	\$0	\$16,858,431	2.8%		
02260 Cigarette Tax Revenue	\$5,120,838	\$0	\$0	\$5,120,838	0.8%		
02497 6901-lien & Estate - Sltd	\$2,218,348	\$0	\$0	\$2,218,348	0.4%		
02772 Tobacco Hlth & Medica Initiative	\$21,392,324	\$0	\$0	\$21,392,324	3.5%		
02783 6901-traumatic Brain Injury Dn	\$7,994	\$0	\$0	\$7,994	0.0%		
02959 Emvh Clinic Rent	\$67,318	\$0	\$0	\$67,318	0.0%		
02987 Tobacco Interest	\$1,763,700	\$0	\$0	\$1,763,700	0.3%		
02990 69010-nursing Home Utilization	\$18,613,730	\$0	\$0	\$18,613,730	3.0%		
Federal Special Total	\$400,306,973	\$0	\$0	\$400,306,973	65.5%		
03005 Emvh V-a Nursing Reimbursement	\$4,466,612	\$0	\$0	\$4,466,612	0.7%		
03073 Aging - Farmers Market	\$199,050	\$0	\$0	\$199,050	0.0%		
03112 Vets-v.a Reimb	\$7,044,517	\$0	\$0	\$7,044,517	1.2%		
03193 Mippa Aaa	\$91,630	\$0	\$0	\$91,630	0.0%		
03202 Mippa Cms	\$127,244	\$0	\$0	\$127,244	0.0%		
03279 Sltc Lifespan Respite	\$367,500	\$0	\$0	\$367,500	0.1%		
03456 69010-aoa Aging One-stop Shop	\$144,972	\$0	\$0	\$144,972	0.0%		
03501 64.014 - Vets St. Domic Care 1	\$295,793	\$0	\$0	\$295,793	0.0%		
03511 Sw Mt Vet Home Cnstr	\$1,113,615	\$0	\$0	\$1,113,615	0.2%		
03514 10.570 - Elderly Feeding 100%	\$2,337,619	\$0	\$0	\$2,337,619	0.4%		
03515 93.041 - Elder Abuse Prev 100%	\$29,899	\$0	\$0	\$29,899	0.0%		
03516 93.042 - Ombudsman Activity 10	\$195,079	\$0	\$0	\$195,079	0.0%		
03517 93.043 - Preventive Hlth 100%	\$229,597	\$0	\$0	\$229,597	0.0%		
03518 93.044 - Aging Sup S & Train 1	\$3,782,872	\$0	\$0	\$3,782,872	0.6%		
03519 93.045 - Aging Meals 100%	\$6,927,946	\$0	\$0	\$6,927,946	1.1%		
03537 93.779 - Hlth Info Counseling	\$767,942	\$0	\$0	\$767,942	0.1%		
03563 Community Living	\$647,952	\$0	\$0	\$647,952	0.1%		
03579 93.667 - Ssb - Benefits	\$600,002	\$0	\$0	\$600,002	0.1%		
03580 6901-93.778 - Med Adm 50%	\$4,312,658	\$0	\$0	\$4,312,658	0.7%		
03583 93.778 - Med Ben Fmap	\$364,983,430	\$0	\$0	\$364,983,430	59.7%		
03666 Aging - Caregiver Iii-e	\$1,606,076	\$0	\$0	\$1,606,076	0.3%		
03819 Mippa Adrc	\$34,968	\$0	\$0	\$34,968	0.0%		
Total All Funds	\$611,241,018	\$0	\$0	\$611,241,018	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

SLTC is funded by general fund, state special revenue, and federal funds. General fund supports:

- State Medicaid match
- Aging services
- Adult protective services
- Administrative costs

General fund increases due to:

- Growth in Medicaid costs, including a new proposal for 2% annual provider rate increases
- Grants to Area Agencies on Aging

Most state revenue sources are used as a match for Medicaid services including:

- Nursing home utilization fee
- Health and Medicaid initiative tobacco tax revenue
- County intergovernmental transfer revenues (IGT)

LFD ISSUE

Nursing Home Utilization Fee

A portion of the state Medicaid match for nursing homes is paid from a fee assessed for each day of nursing home care. The total fee levied is \$8.30 per day, with \$2.80 of the fee deposited to the general fund and the balance (\$5.50) deposited to a state special revenue account.

Figure 4

Nursing Facility Fee Revenue Estimate Compared to Executive Budget and Estimated Unfunded Days of Care				
Variable	FY 2012	FY 2013	FY 2014	FY 2015
Days of Care*	1,722,000	1,674,000	1,627,000	1,580,000
Rate	\$5.50	\$5.50	\$5.50	\$5.50
Revenue	9,471,000	9,207,000	8,948,500	8,690,000
Executive Budget Revenue			<u>9,306,865</u>	<u>9,306,865</u>
Executive Over (Under) Revenue Est.			<u>(358,365)</u>	<u>(616,865)</u>
Biennial Difference in State Matching Funds				(975,230)
Total Funds with Federal Match				(\$2,888,577)
Estimated Number of Unfunded Days of Care				17,608
% of Total Days of Care				0.8%
*Revenue based on LFD staff estimates presented to Revenue and Transportation Interim Committee on November 19, 2012.				

Figure 4 shows the nursing home utilization fee estimate for the state special revenue account. The estimate is based on information developed by LFD staff and presented to the Revenue and Transportation Interim Committee on November 19, 2012. Historically, the number of days of nursing home care has fallen steadily since the mid 1990s, resulting in an annual decline estimated to be 3.2% per year in the 2015 biennium. The executive budget holds the revenue from the nursing utilization fee constant. It appears that the executive budget for state matching funds for nursing home services is nearly \$1.0 million higher than the LFD staff revenue estimate over the 2015 biennium.

The projected state matching funds and resulting increase federal Medicaid matching funds in the executive budget totals \$2.9 million and is the equivalent of 17,608 days of care or 24 persons in nursing home care over the biennium. If the executive has overestimated the amount of funds available there would be significantly fewer days of care available than assumed in the executive budget.

Medicaid nursing home estimates are discussed in the Medicaid Services sub-program. The legislature may wish to consider the effect of the state special revenue potential shortfall when it establishes the 2015 biennium nursing home appropriation. If the legislature accepts the executive Medicaid nursing home estimate, it may wish to consider whether to appropriate other state funds to offset the LFD staff projected reduction in nursing facility fee revenue.

Two sources of state special revenue support the veterans' homes:

- Cigarette tax state special revenues
- Private reimbursements including insurance, Medicaid, and Medicare

State special revenue increases due to:

- State Medicaid match for IGT payments to nursing homes
- Inflation and reinstatement of overtime, shift differential, and holiday pay at MVH
- Construction and operation of a new Southwest Montana Veteran's Home (SMVH)

Cigarette Tax Revenue

By statute, 8.3% of cigarette taxes collected are deposited into a state special revenue account for support of veterans' nursing home costs at state operated veterans' homes. Statute requires that amounts in excess of \$2.0 million in the veterans' portion of the cigarette tax fund be transferred to the general fund at the end of the fiscal year. Figure 5 shows the estimated revenue, expenditures, and fund balance for the cigarette state special revenue account.

Figure 5

Senior and Long Term Care Division					
Veterans' Services - Cigarette Tax Fund Balance					
Fund Balance	Actual	Appropriated	Executive Budget		% of
Deposits/Expenditures	FY 2012	FY 2013	FY 2014	FY 2015	Total
Beginning Fund Balance*	\$2,226,269	\$2,000,000	\$2,000,000	\$2,000,000	
Revenue/Transfers In**					
Cigarette Tax	5,952,337	5,801,000	6,543,000	5,454,000	
Total Revenue	5,952,337	5,801,000	6,543,000	5,454,000	
Expenditures/Transfers Out					
<u>Veterans' Homes Operations</u>					
Montana Veterans' Home	1,463,345	3,062,149	2,124,465	2,119,829	70.2%
Eastern Montana Veterans' Home	252,976	272,975	245,758	245,043	8.1%
Southwest Montana Veterans' Home	0	0	58,184	206,703	6.8%
<u>Long Range Building</u>					
Southwest Montana Veterans' Home	3,675,615	0	0	0	0.0%
<u>DPHHS Administrative Costs</u>					
DPHHS Cost Allocated Admin	290,785	337,311	371,042	389,594	12.9%
SLTC Division Admin Cost	59,899	69,483	60,326	60,530	2.0%
Subtotal Expenditures	5,742,620	3,741,917	2,859,775	3,021,699	100.0%
Annual Rate of Increase		-34.8%	-23.6%	5.7%	
Other					
Transfer to the General Fund	206,103	2,059,083	3,683,225	2,432,301	
Adjustments	229,883	0	0	0	
Subtotal Other	435,986	2,059,083	3,683,225	2,432,301	
Ending Fund Balance	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	

* Statute requires that at fiscal year end unexpended cash balances in excess of \$2.0 million be transferred to

** Revenue based on estimates are those prepared by the Legislative Fiscal Division and presented to the Revenue and Transportation Interim Committee on November 19, 2012.

Cigarette taxes are a declining revenue source, and revenue estimates prepared by the LFD decline from a base amount of \$6.0 million to \$5.5 million in FY 2015. Services supported by the cigarette tax include:

- Operational costs of the two Montana veterans' homes
- Long-range building projects for the veterans' homes
- Indirect costs of DPHHS

The lion's share of cigarette tax revenue dedicated to veterans' services supports MVH, with a request of \$2.1 million annually or 39% of the estimated revenue in FY 2015. EMVH and SMVH spending requests for FY 2015 are both under \$250,000 in FY 2015.

Indirect costs include DPHHS centralized services, and some statewide centralized services continue to rise as a cost to the cigarette tax, from about \$291,000 in FY 2012 to an estimated \$390,000 in FY 2015. Indirect cost increases are driven by:

- Employee pay levels
- Statewide fixed cost changes
- Inflation
- Growth in operating costs

Federal Funds

Federal funds increase over the 2015 biennium due to:

- Higher Medicaid services costs
- Two new proposals to expand community services for persons who meet the level of care requirements for nursing home care
- Anticipated increases in federal aging services block grants

LFD ISSUE

Federal Sequestration

Some of the federal grants that support aging services are included in the potential automatic spending reductions scheduled to take effect January 1, 2013 absent Congressional action (federal sequestration). This issue is addressed in the DPHHS agency overview because it affects several divisions. The legislature may wish to request information from DPHHS about the impact of federal funding reductions should they occur.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	60,343,797	60,343,797	120,687,594	89.44%	268,430,799	268,430,799	536,861,598	87.83%
Statewide PL Adjustments	115,846	116,935	232,781	0.17%	531,018	521,971	1,052,989	0.17%
Other PL Adjustments	2,405,134	3,502,306	5,907,440	4.38%	16,739,557	21,231,735	37,971,292	6.21%
New Proposals	3,191,497	4,921,260	8,112,757	6.01%	13,283,717	22,071,422	35,355,139	5.78%
Total Budget	\$66,056,274	\$68,884,298	\$134,940,572		\$298,985,091	\$312,255,927	\$611,241,018	

The majority of the SLTC budget request supports continuation of current level services. About 6% of the request funds new proposals for a 2% annual provider increase and a new option for Medicaid community services that draws down an additional 6% in federal Medicaid matching funds.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
FTE	Fiscal 2014				Fiscal 2015				Total Funds
	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
Personal Services				980,381					950,135
Vacancy Savings				(470,570)					(469,363)
Inflation/Deflation				(5,244)					8,826
Fixed Costs				26,451					32,373
Total Statewide Present Law Adjustments	\$115,846	\$223,892	\$191,280	\$531,018		\$116,935	\$212,542	\$192,494	\$521,971
DP 22201 - Med Ben Core Caseload Nursing Homes	0.00 192,064	0	377,353	569,417	0.00 181,542	0	355,884	537,426	
DP 22202 - Med Ben Core FMAP Nursing Homes	0.00 (114,492)	0	114,492	0	0.00 (43,427)	0	43,427	0	
DP 22203 - Med Ben Core Caseload Home Based	0.00 1,981,872	0	3,893,824	5,875,696	0.00 2,915,585	0	5,715,514	8,631,099	
DP 22204 - Med Ben Core FMAP Home Based	0.00 (16,073)	0	16,073	0	0.00 6,165	0	(6,165)	0	
DP 22205 - Med Ben Waiver Caseload SLTC HCBW	0.00 130,615	0	256,622	387,237	0.00 130,809	0	256,428	387,237	
DP 22206 - Med Ben Waiver FMAP SLTC HCBW	0.00 (17,452)	0	17,452	0	0.00 551	0	(551)	0	
DP 22207 - Med Ben Other HCHCW Annualization	0.00 180,814	0	355,250	536,064	0.00 181,082	0	354,982	536,064	
DP 22208 - Med Ben Other NH IGT	0.00 0	2,209,963	4,341,959	6,551,922	0.00 0	2,650,410	5,195,680	7,846,090	
DP 22209 - Med Ben Other FMAP NH IGT	0.00 0	(25,759)	25,759	0	0.00 0	(17,709)	17,709	0	
DP 22210 - Required Overtime/Holiday/Differential Pay	0.00 0	418,520	0	418,520	0.00 0	433,463	0	433,463	
DP 22211 - Facility Inflation MVH	0.00 0	133,163	0	133,163	0.00 0	185,617	0	185,617	
DP 22212 - Fed Authority for VA Per Diem MVH	0.00 0	(104,416)	104,416	0	0.00 0	(165,610)	165,610	0	
DP 22213 - Fed Authority for VA Per Diem EMVH	0.00 0	0	64,914	64,914	0.00 0	0	99,842	99,842	
DP 22214 - Aging Grant Funding	0.00 0	0	2,075,612	2,075,612	0.00 0	0	2,319,771	2,319,771	
DP 22215 - State Supplemental Payments	0.00 33,772	0	0	33,772	0.00 67,651	0	0	67,651	
DP 22216 - Motor Pool Car Request	0.00 2,092	0	373	2,465	0.00 2,092	0	373	2,465	
DP 22217 - Private Lease Adjustment	0.00 3,955	0	860	4,815	0.00 10,557	0	1,986	12,543	
DP 22218 - EMVH Rent Annualization Fund Switch	0.00 0	0	0	0	0.00 0	0	0	0	
DP 22219 - Contractual Adjustments	0.00 27,967	0	57,993	85,960	0.00 49,699	0	122,768	172,467	
Total Other Present Law Adjustments	0.00 \$2,405,134	\$2,631,471	\$11,702,952	\$16,739,557	0.00 \$3,502,306	\$3,086,171	\$14,643,258	\$21,231,735	
Grand Total All Present Law Adjustments	0.00 \$2,520,980	\$2,855,363	\$11,894,232	\$17,270,575	0.00 \$3,619,241	\$3,298,713	\$14,835,752	\$21,753,706	

New Proposals

Fiscal 2014						Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22101 - Aging Services -OTO										
22	0.00	1,500,000	0	0	1,500,000	0.00	1,500,000	0	0	1,500,000
DP 22102 - Southwest Montana Veterans' Home										
22	1.00	0	58,184	0	58,184	1.00	0	206,703	1,113,615	1,320,318
DP 22222 - Med Ben Personal Assistance Services Refinance										
22	1.00	0	0	7,123,086	7,123,086	1.00	0	0	9,954,162	9,954,162
DP 22901 - PRI Med Ben Core Nursing Homes										
22	0.00	958,145	0	1,882,487	2,840,632	0.00	1,938,322	0	3,799,755	5,738,077
DP 22902 - PRI Med Ben Core Home Based Services										
22	0.00	276,720	0	543,679	820,399	0.00	559,804	0	1,097,401	1,657,205
DP 22903 - PRI Med Ben Waiver SLTC										
22	0.00	246,745	0	484,784	731,529	0.00	499,163	0	978,526	1,477,689
DP 22904 - PRI - Aging Services										
22	0.00	209,887	0	0	209,887	0.00	423,971	0	0	423,971
Total	2.00	\$3,191,497	\$58,184	\$10,034,036	\$13,283,717	2.00	\$4,921,260	\$206,703	\$16,943,459	\$22,071,422

Language and Statutory Authority

The executive proposes the following language be included in HB 2

“County Nursing Home Intergovernmental Transfer may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home IGT may be expended only after the office of budget and program planning has certified that the department has collected the amount that is necessary to make one-time payments to nursing homes based on the number of Medicaid services provided and to fund the base budget in the nursing facility program and the community services program at the level of \$564,785 from counties participating in the intergovernmental transfer program for nursing facilities.”

LFD COMMENT

The IGT is explained in greater detail in the narrative for DP - Med Ben Other NH IGT. The legislature may wish to discuss the language governing the use of IGT in conjunction with its action on this present law adjustment.

Sub-Program Details**MEDICAID SERVICES 01****Sub-Program Proposed Budget**

The following table summarizes the total executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
FTE	19.06	0.00	1.00	20.06	0.00	1.00	20.06	20.06
Personal Services	1,028,972	124,469	64,005	1,217,446	125,175	63,881	1,218,028	2,435,474
Operating Expenses	1,522,273	75,135	208,041	1,805,449	161,945	151,901	1,836,119	3,641,568
Benefits & Claims	239,870,258	13,920,336	11,243,600	265,034,194	17,937,916	18,611,351	276,419,525	541,453,719
Total Costs	\$242,421,503	\$14,119,940	\$11,515,646	\$268,057,089	\$18,225,036	\$18,827,133	\$279,473,672	\$547,530,761
General Fund	54,049,378	2,417,100	1,481,610	57,948,088	3,473,810	2,997,289	60,520,477	118,468,565
State/Other Special	27,690,988	2,184,204	0	29,875,192	2,632,701	0	30,323,689	60,198,881
Federal Special	160,681,137	9,518,636	10,034,036	180,233,809	12,118,525	15,829,844	188,629,506	368,863,315
Total Funds	\$242,421,503	\$14,119,940	\$11,515,646	\$268,057,089	\$18,225,036	\$18,827,133	\$279,473,672	\$547,530,761

Sub-Program Description

The Medicaid Services sub-program includes nursing home services, intergovernmental transfer payments, personal assistance, hospice, home health, and home and community-based waiver programs.

Nursing Facilities

There are 81 licensed nursing facilities in the state that participate in the Medicaid program (excluding state run facilities) with a total of about 6,600 beds. At any given time about 69% of the available nursing facility beds in the state are occupied. Nursing facilities are located in 43 of Montana's 56 counties, and range in size from 22 to 278 beds.

Historically Medicaid pays for about 60% to 62% of all nursing facility days of care in the state, while private payers make up about 30% and Medicare/other the remainder. In FY 2012 about 1.1 million Medicaid funded days of nursing home care were provided to about 3,100 people.

Personal Assistance

Medicaid personal assistance services consists of medically necessary in-home services provided to Medicaid recipients whose health problems cause them to be functionally limited in performing activities of daily living. Other Medicaid programs budgeted with personal assistance include hospice and home health.

Home and Community Based Services (HCBS)

HCBS services are individually prescribed and arranged according to the needs of the recipient. An individual service plan is developed by a case management team in conjunction with the recipient. The service plan must meet the needs of the recipient and be cost effective. To be eligible for the HCBS program an individual must be elderly or disabled, Medicaid eligible, and require nursing facility or hospital level of care. In FY 2012, 2,548 people received HCBS services at a total cost of about \$36.1 million dollars. SLTC contracts with 7 agencies to provide case management services. Case management teams are headquartered in Missoula (3), Billings, Great Falls (3), Helena (2), Bozeman, Sidney, Miles City, Kalispell (2), Butte (2), Lewistown, Roundup, Polson and Havre.

Budget Overview

The Medicaid Services sub-program 2015 biennium budget request increases \$63.7 million, including \$11.4 million general fund, compared to base budget expenditures (doubled). The main increases are due to:

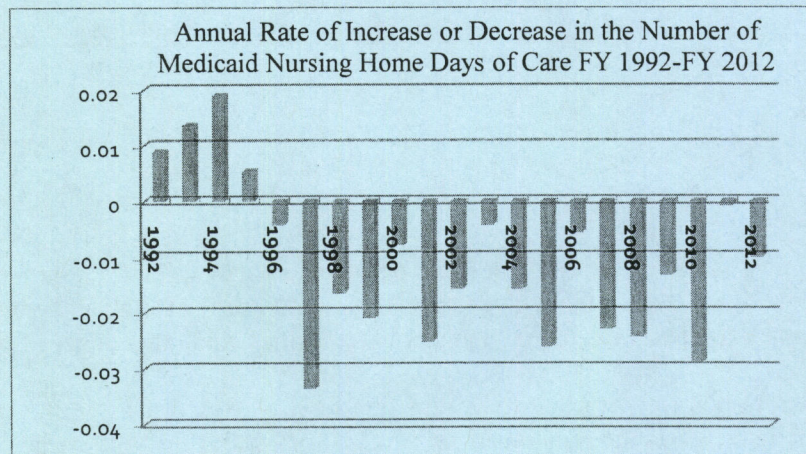
- \$17.1 million federal Medicaid funds for additional community services for elderly and disabled persons
- \$14.5 million total funds (including \$9.6 million general fund) for home based entitlement services, including personal assistance, home health, and hospice
- \$14.4 million for supplemental payments to nursing homes from the intergovernmental transfer program
- \$13.3 million total funds (including \$4.5 million general fund) for 2% annual provider rate increases
- \$3.0 million general fund to continue a one-time appropriation for community aging services
- \$2.1 million (including \$0.6 million general fund) for Medicaid nursing home and home and community waiver services increases

Nursing Home Services

As noted in the division overview, Medicaid nursing home services are the largest component of the SLTC budget. Nursing home services are projected to increase \$9.7 million over the biennium, primarily due to the proposed 2% annual provider rate increase. Continuation of present law services adds \$1.1 million total funds.

Medicaid Nursing Home Costs

Since FY 1995 the days of Medicaid funded nursing home care have steadily declined, with annual rates of change varying from a reduction of just under one half of one percent to a reduction of 3.4%. Figure 6 shows year over year changes in the number of days of care funded by Medicaid.

Figure 6

Despite the decline in the number of days of care, until recently total cost has increased. Figure 7 shows the Medicaid funded days of care (left axis) compared to the total cost (right axis). The total cost does not include one time provider rate increases (each year from FY 2010 through FY 2012) and lump sum intergovernmental transfer payments (discussed later). Total cost began to decline in FY 2010. The recent annual average rate of decline in the number of bed days from FY 2008 through FY 2011 is -1.44%.

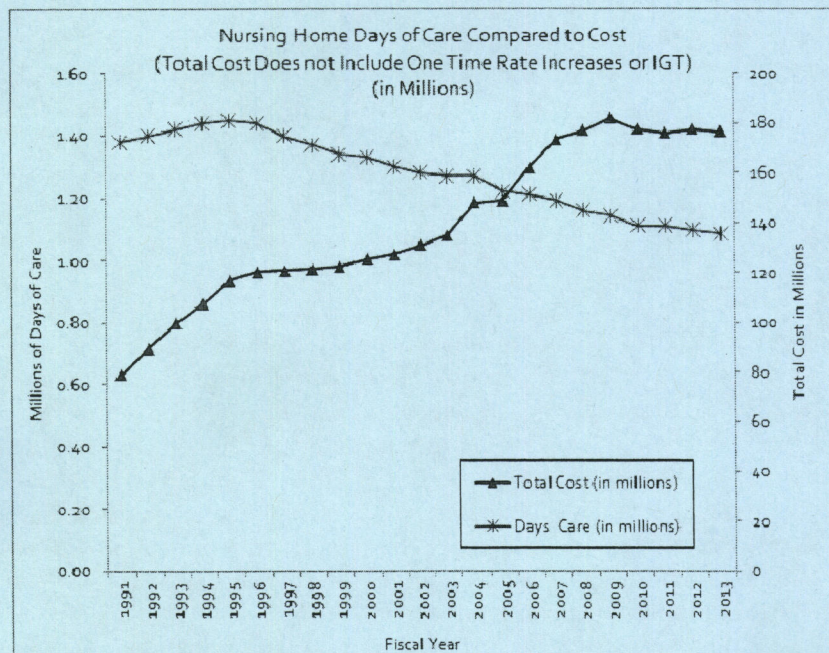
Figure 7

Figure 8

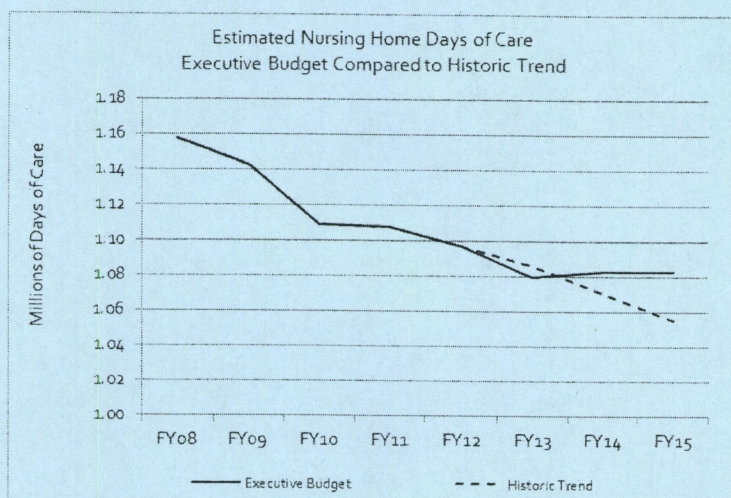


Figure 8 shows the executive estimate of Medicaid nursing home days of care compared to the recent annual trend (1.44% annual reduction). The executive budget anticipates a leveling off of the number of days of care. The historic trend produces a lower forecast and would be about \$5.3 million total funds (\$1.8 million state funds) lower than the caseload based on the historic trend (Figure 8).

There will be two more months of paid claims data available when the legislature meets and considers updated Medicaid forecasts (typically in February of a regular session). LFD staff will work with DPHHS staff to closely evaluate the trends in nursing home days of care for FY 2011 and FY 2012 to determine whether

historic declines are continuing. This information will be presented for legislative consideration.

New Proposal Could Help Lower Projected Nursing Home Costs

The executive budget includes a significant expansion of funding for Medicaid home based services for persons who need hospital or nursing home level of care – NP 22222 - Med Ben Personal Assistance Services Refinance. This new proposal would increase federal Medicaid matching funds by \$17.1 million over the biennium and is discussed in conjunction with other Medicaid community services later in the division overview. If the legislature approves an expansion in community services, it may wish to evaluate the impact of that expansion on the projected Medicaid funded days of care.

Potential for Medicare Funds to Offset a Portion of Montana Medicaid Nursing Home Costs

In a recent proposed settlement to a class action lawsuit (Jimmo v. Sebelius, Civil Action No. 5:11-CV-17-CR), the federal Department of Health and Human Services (HHS) clarified that Medicare funding for some services including nursing home services is not related to the presence or absence of an individual's potential for improvement from the skilled care, but rather on the beneficiary's need for skilled care. Previous to this settlement if a Medicare eligible individual needed skilled care, but the individual's medical condition was not likely to improve as a result of receiving the care, the services were not eligible for Medicare reimbursement.

The proposed settlement was filed on October 16, 2012. As part of the proposal, which the federal judge must still formally approve, HHS will revise its Medicare manual to clarify that Medicare coverage of skilled nursing and therapy services depends on whether or not the beneficiary needs skilled care.

**LFD
ISSUE**Potential Medicaid Savings

If the proposed settlement for the Jimmo v. Sebelius lawsuit is accepted by the judge, it could result in Medicare covering some days of nursing home care and community services that have historically been funded by the Montana Medicaid program. Some cost savings would accrue from January 19, 2011 until the terms of the settlement are fully implemented. However, once the settlement is fully implemented, the savings to the Montana Medicaid program would be higher.

Most persons who are over the age of 65 or disabled and eligible for Medicaid are also eligible for Medicare. These persons have dual eligibility and are frequently referred to as dual eligibles.

Medicare covers the first 100 days of nursing home care for beneficiaries who are admitted after a qualifying hospital stay. The first 20 days of nursing home care are fully funded by Medicare, while beneficiaries must pay part of the cost of care for days 21 – 100. In the case of dual eligibles, Medicaid picks up the cost of care after the first 20 days for some persons or, if a beneficiary has personal assets, after the assets have been depleted.

LFD staff has requested that DPHHS provide the following information about nursing home services for consideration by legislators:

- For FY 2012
 - The number of persons admitted to nursing home care who:
 - Are also Medicare eligible
 - Entered the nursing home after a qualified hospital stay
 - Meet the level of care requirements for Medicare services
 - The average length of stay in nursing home services for persons meeting the criteria

If this type of detailed information is not readily available, the legislature may wish to ask DPHHS how it could estimate potential savings due to the change in Medicare reimbursement.

The legislature can consider this information when establishing the Medicaid nursing home appropriation. The legislature could:

- Estimate the savings that would occur under the proposed settlement
- Structure the appropriation in anticipation of an estimated implementation of the proposed settlement by:
 - Dividing the Medicaid nursing home appropriation into two separate appropriations:
 - The estimated savings
 - The remainder of the appropriation
 - Including language in HB 2 restricting the appropriation for the estimated savings amount
 - Adding language to HB 2 that the restricted appropriation could be used only if:
 - The settlement is not approved or
 - The settlement is approved, but nursing home costs exceed the balance in the non-restricted appropriation subject to approval by the Office of Budget and Program Planning

Also, LFD staff has requested that DPHHS evaluate potential savings in skilled therapy services provided to dual eligibles receiving Medicaid community services administered by SLTC and the Developmental Services, Health Resources, and Addictive and Mental Disorders divisions. LFD staff has requested that DPHHS clearly articulate the methodology used to develop the estimates and potential savings by Medicaid service for FY 2014 and FY 2015 in the following areas:

- Community based waiver services administered by SLTC, Developmental Services Division, and Addictive and Mental Disorders Division
- Home based services administered by SLTC
- Outpatient therapy services administered by the Health Resources Division

**LFD
ISSUE CONT.**

The legislature may wish to review the cost estimates and determine whether to apportion and restrict appropriations for these services in the same manner as discussed for nursing home services.

Community Services

In addition to nursing home services, SLTC administers Medicaid funded community services for aged, blind and disabled persons. Some of the services are entitlement services, meaning that there is no restriction on the number of persons enrolled or the number of services received.

However, enrollment in some Medicaid services can be capped or limited in other ways, if the Center for Medicare and Medicaid (CMS) grants a waiver from federal Medicaid regulation. CMS has granted Montana two waivers from federal requirements to provide services to elderly and disabled individuals to avoid institutionalization:

- Big Sky Bonanza waiver – provides individuals of all ages who have chronic disabilities with services to maintain independence
- Elderly and physically disabled waiver – targets recipients who have a physical disability, are 65 and older, and who meet the nursing home or hospital level of care requirements

**LFD
ISSUE**Community Waiver Expansion – Historic and Executive Request

Figure 9 shows enrollment in the community waiver by type of eligibility and average cost per service slot from FY 2012 through the executive budget request for FY 2015. From FY 2010 through FY 2012, the legislature provided funding for 180 new service slots. Over that time period, DPHHS developed 162 of those slots and prior to FY 2012, DPHHS added an additional 114 service slots by transitioning individuals from nursing home services into the community and providing services to persons at risk of placement in a nursing home. Over that time period, waiver capacity expanded by 276 slots, an additional 272 persons received services, and the average cost per person served declined.

Figure 9

Home and Community Based Service Slots - Historic and Requested Expansion													
Fiscal Year	Service Slots at	Legislatively	Slots	Additional				Cost Per	Disabled	Cost Per			
Actual and	Start of	Authorized	Developed	Nursing	At Risk	Total			(Age 0 -	Person	Total	Annual	
Estimated	FY	Expansion	per Legis.	Home	& High	Service	Elderly	Person	64)	Cost	Recipients	Increase	
			Expans.	Transitions	Cost	Slots	(Age 65+)	Cost					
<u>Actual</u>													
FY10	1,765	80	80	38	7	1,890	1,384	\$12,920	1,010	\$17,354	2,394		
FY11	1,890	0	0	59	10	1,959	1,404	12,673	1,078	16,782	2,482	88	
FY12	1,959	<u>100</u>	<u>82</u>	<u>0</u>	<u>0</u>	2,041	1,409	12,315	1,139	15,944	2,548	66	
Sub-total Actual		180	<u>162</u>	<u>97</u>	<u>17</u>						2,666	<u>118</u>	
						276						272	
<u>Estimated/Planned</u>													
FY13	2,041	0	0	10	0	2,051	1,498	n/a	1,168	n/a	2,666		
FY14*	2,051	20	20	0	0	2,071	1,511	n/a	1,181	n/a	2,692	26	
FY15*	2,071	<u>25</u>	<u>25</u>	<u>0</u>	<u>0</u>	2,096	<u>1,525</u>	n/a	<u>1,200</u>	n/a	2,725	<u>33</u>	
Sub-total Est./Planned		45	45	10	0							59	

Notes:

FY12 legislative expansion of 82 slots represents the appropriation for an additional 100 service slots.

FY12 costs and recipient count are incomplete as not all FY12 claims have been submitted.

Actual cost per person would depend on individual budget. FY10 - FY12 per person cost is based paid claims data as of 11/21/12.

FY13 - FY15 recipients are based on 1.3 people per service slot.

*Expansion for FY13 - FY15 reflects Money Follows the Person estimates (part of NP - Med Ben Personal Assistance Services Refinance).

Source: DPHHS, November 28, 2012.

**LFD
ISSUE CONT.**

LFD staff requested that DPHHS staff provide the following information for legislative consideration related to the FY 2012 legislative expansion:

- Why were there fewer slots developed than funded by the legislature?
- Why were there fewer people served than the number of service slots established?

The planned expansion of community waiver services for FY 2014 and FY 2015 is included in NP – Med Ben Personal Assistance Services Refinance, which is discussed in greater detail in the new proposal section of the Medicaid Services sub-program. A portion of the new proposal – a 5 year grant to implement a Money Follows the Person (MFP) demonstration to transition persons from facility based care to community services – started in FY 2013 and would transition 10 persons. LFD staff requested that DPHHS staff provide the number of anticipated transitions from nursing home services compared to transitions from other facility based care related to the FY 2013 – FY 2015 expansion of waiver services.

**LFD
ISSUE**Integrated Plan for Nursing Home Services and Planned Expansions of Community Based Services

In addition to MFP transitions (\$3.1 million), the executive budget includes an additional \$14.0 million in federal funds to expand home based services (NP – Med Ben Personal Assistance Services Refinance) to maintain persons in their own homes or small residential settings. One of the eligibility criteria for these services is that a person must meet the level of care requirements for nursing home care. One of the assumed benefits in providing home based services is that it will prevent or shorten lengths of stay in facility based services, which are usually higher cost services compared to community alternatives.

In order to evaluate potential outcomes of the home and community based services expansion included in the executive budget, LFD staff has requested that DPHHS provide an integrated plan for legislative consideration that shows:

- The types of services to be funded by the expansion
- The additional number of persons that would be served
- The number of persons transitioned from facility based care by type of facility
- The anticipated savings in facility based care by type of care for those that are transitioned to community services

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent Of Budget
Base Budget	54,049,378	54,049,378	108,098,756	91.25%	242,421,503	242,421,503	484,843,006	88.55%
Statewide PL Adjustments	61,785	61,804	123,589	0.10%	123,644	124,653	248,297	0.05%
Other PL Adjustments	2,355,315	3,412,006	5,767,321	4.87%	13,996,296	18,100,383	32,096,679	5.86%
New Proposals	1,481,610	2,997,289	4,478,899	3.78%	11,515,646	18,827,133	30,342,779	5.54%
Total Budget	\$57,948,088	\$60,520,477	\$118,468,565		\$268,057,089	\$279,473,672	\$547,530,761	

The majority – 94% - of the 2015 biennium budget request funds continuation of current services. New proposals that expand community based services and fund a 2% annual provider rate increase add about 6% to total spending. General fund growth is due to projected increases in enrollment and service utilization for Medicaid services and the proposed provider rate increase. Federal funds increases are driven by Medicaid growth, provider rate increases, and a 6% increase in the federal Medicaid match rate for a new proposal to expand community based services.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				172,529					173,263
Vacancy Savings				(48,060)					(48,088)
Inflation/Deflation				(825)					(522)
Total Statewide Present Law Adjustments	\$61,785	\$0	\$61,859	\$123,644		\$61,804	\$0	\$62,849	\$124,653
DP 22201 - Med Ben Core Caseload Nursing Homes	0.00 192,064	0	377,353	569,417	0.00	181,542	0	355,884	537,426
DP 22202 - Med Ben Core FMAP Nursing Homes	0.00 (114,492)	0	114,492	0	0.00	(43,427)	0	43,427	0
DP 22203 - Med Ben Core Caseload Home Based	0.00 1,981,872	0	3,893,824	5,875,696	0.00	2,915,585	0	5,715,514	8,631,099
DP 22204 - Med Ben Core FMAP Home Based	0.00 (16,073)	0	16,073	0	0.00	6,165	0	(6,165)	0
DP 22205 - Med Ben Waiver Caseload SLTC HCBW	0.00 130,615	0	256,622	387,237	0.00	130,809	0	256,428	387,237
DP 22206 - Med Ben Waiver FMAP SLTC HCBW	0.00 (17,452)	0	17,452	0	0.00	551	0	(551)	0
DP 22207 - Med Ben Other HCHCW Annualization	0.00 180,814	0	355,250	536,064	0.00	181,082	0	354,982	536,064
DP 22208 - Med Ben Other NH IGT	0.00 0	2,209,963	4,341,959	6,551,922	0.00	0	2,650,410	5,195,680	7,846,090
DP 22209 - Med Ben Other FMAP NH IGT	0.00 0	(25,759)	25,759	0	0.00	0	(17,709)	17,709	0
DP 22219 - Contractual Adjustments	0.00 17,967	0	57,993	75,960	0.00	39,699	0	122,768	162,467
Total Other Present Law Adjustments	0.00 \$2,355,315	\$2,184,204	\$9,456,777	\$13,996,296	0.00	\$3,412,006	\$2,632,701	\$12,055,676	\$18,100,383
Grand Total All Present Law Adjustments	0.00 \$2,417,100	\$2,184,204	\$9,518,636	\$14,119,940	0.00	\$3,473,810	\$2,632,701	\$12,118,525	\$18,225,036

DP 22201 - Med Ben Core Caseload Nursing Homes - This adjustment funds anticipated changes in the Medicaid nursing facility program. The executive budget anticipates a low growth rate for the 2015 biennium.

DP 22202 - Med Ben Core FMAP Nursing Homes - This proposal would adjust Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22203 - Med Ben Core Caseload Home Based - This proposal would fund anticipated caseload increases for Medicaid home based services, which include personal assistance, home health, and hospice. The adjustment adds about 5% per year for traditional personal assistance services, about 13% for mental health personal assistance services, and about 11% for hospice services per year from FY 2012 through FY 2015.

DP 22204 - Med Ben Core FMAP Home Based - This proposal would adjust Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22205 - Med Ben Waiver Caseload SLTC HCBW - This request adds funds to annualize the cost of nursing facility transition and diversions from institutional placements into community settings. 82 individuals transitioned at different times during FY 2012 from nursing facilities to home and community based waiver placements, resulting in less than a

full year of expenditures being included in the FY 2012 base year.

**LFD
ISSUE**Documentation Supporting Request

Information documenting this budget addition was requested, but not provided by DPHHS. The legislature may wish to request the following information prior to acting on this appropriation request:

- The number of persons transitioned from nursing care
- The specific date that the persons transitioned from care

DP 22206 - Med Ben Waiver FMAP SLTC HCBW - This proposal would adjust Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22207 - Med Ben Other HCHCW Annualization - This decision package annualizes the Medicaid-funded health care for health care worker program and recognizes increases in health care insurance premiums and additional workers participating in this program.

**LFD
ISSUE**Inflationary Provider Increase and Documentation Supporting Proposal Requested

The 2007 Legislature approved a provider rate increase to fund health insurance for direct care workers providing home based care. The rate increase was awarded as a rate increase to Medicaid contractors funding healthcare benefits for workers. The program has been in place since January 2009. There is no statute requiring DPHHS to fund such cost increases.

The narrative describing this present law adjustment notes that the increase is necessary to cover inflation in health insurance premiums. The effect of the adjustment is to provide a rate increase for employers who provide healthcare to direct care workers. DPHHS has not requested a specific increase to cover inflationary cost adjustments for any other Medicaid providers. Statute requires an increase for physicians and it is included as part of the present law adjustment for Medicaid services, which also supports cost growth due to enrollment increases and service utilization. The legislature may wish to ask DPHHS why this cost component is included as an inflationary increases while inflationary costs of other Medicaid providers are not routinely funded through present law adjustments

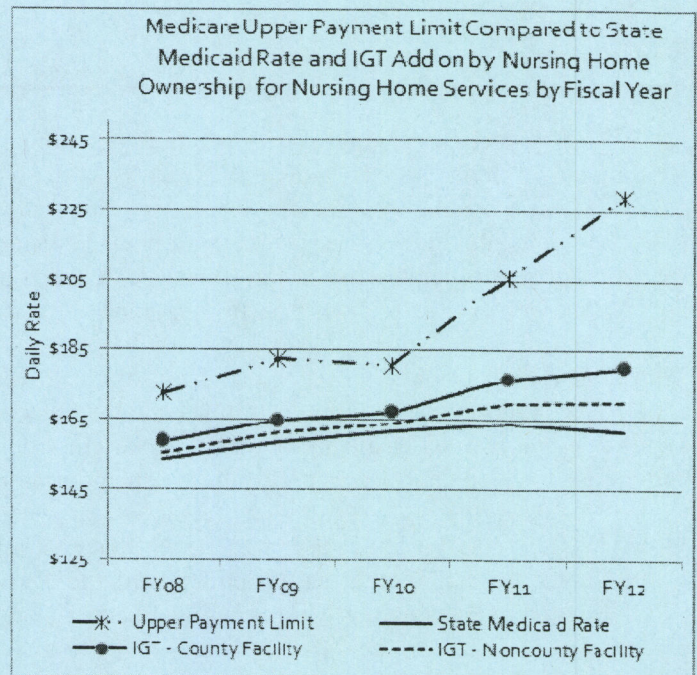
DP 22208 - Med Ben Other NH IGT - This request would fund the anticipated increase in IGT intergovernmental payments. The difference in the Medicaid rate and the Medicare upper payment limit (UPL) would allow a higher level of reimbursement compared to base year expenditures. The state match is provided by county governments.

**LFD
ISSUE**Level of IGT Payments

The IGT is lump sum payment made to nursing homes near the end of the fiscal year. Counties that administer or manage county nursing home facilities can transfer county funds to DPHHS to be used to match federal Medicaid funds that are then passed back as Medicaid payments. IGT reimbursements are considered a one-time payment by the legislature to continue only so long as counties participate and federal regulations allow the funding mechanism to be used.

**LFD
ISSUE CONT.**

In FY 2012 the number of county affiliated nursing facilities was 24 and the number of bed days used to allocate the IGT to these facilities was 169,624. The number of non-county facilities was 57 and the number of bed days used to allocate IGT to them was 837,724. IGT amounts are constrained by the difference between the state Medicaid rate and the allowable upper payment limit. The federal upper payment limit for Medicaid nursing home services is the Medicare rate for nursing home services. Figure 10 shows the state Medicaid rate compared to the upper payment limit. IGT payments are projected to increase since the upper payment limit is increasing more than the state Medicaid rate.

Figure 10

The IGT appropriation in the executive budget grows \$14.4 million over the biennium. This amount would be sufficient of fund an average rate increase of \$21 to \$22 per day based on the executive estimate of days of care. LFD staff requested information about how SLTC intends to administer the IGT payment. The response provided was: "The methodology and the distribution process will be the same as it has been since the start of this program." LFD staff also asked what the estimated lump sum payments and derived daily rate equivalent would be for the IGT program in the 2015 biennium. However, DPHHS did not provide the information.

The legislature may wish to request more data from DPHHS. It may also wish to evaluate the HB 2 language requested by DPHHS governing the use of the appropriation, including whether to restrict its use to IGT payments only and whether to provide guidance on the allocation of proceeds between county and noncounty facilities.

DP 22209 - Med Ben Other FMAP NH IGT - This proposal would adjust Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22219 - Contractual Adjustments - This request would provide additional funds for two contracts. One contract provides utilization review, level of care determinations, and prior authorization activities for programs in the division. Other costs provide for maintenance and enhancements to the Adult Protective Services computerized database used for tracking and reporting on abuse, neglect, and exploitation activities.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22222 - Med Ben Personal Assistance Services Refinance										
01	1.00	0	0	7,123,086	7,123,086	1.00	0	0	9,954,162	9,954,162
DP 22901 - PRI Med Ben Core Nursing Homes										
01	0.00	958,145	0	1,882,487	2,840,632	0.00	1,938,322	0	3,799,755	5,738,077
DP 22902 - PRI Med Ben Core Home Based Services										
01	0.00	276,720	0	543,679	820,399	0.00	559,804	0	1,097,401	1,657,205
DP 22903 - PRI Med Ben Waiver SLTC										
01	0.00	246,745	0	484,784	731,529	0.00	499,163	0	978,526	1,477,689
Total	1.00	\$1,481,610	\$0	\$10,034,036	\$11,515,646	1.00	\$2,997,289	\$0	\$15,829,844	\$18,827,133

DP 22222 - Med Ben Personal Assistance Services Refinance - This new proposal would help fund the DPHHS goal of rebalancing its long term services and supports system with increased use of home and community based care and decreased use of facility based care. This proposal targets the full spectrum of consumers, including elderly, individuals with developmental disabilities, people with physical disabilities, and adults with severe disabling mental illness. There are two separate programs rolled into this DP – Community First Choice – an optional Medicaid service, and Money Follows the Person – a 5 year demonstration grant.

Community First Choice (CFC), a provision of the Affordable Care Act, is a new Medicaid optional service, which assists and supports people with disabilities and the elderly to live independently. A state that adopts CFC receives a 6% increase in the federal Medicaid rate for CFC services on a permanent basis. Most, but not all, of the services required under CFC are also provided as part of the Medicaid personal assistance services option, which Montana currently offers.

Money Follows the Person (MFP) is a 5 year demonstration program where persons are transitioned from facilities to community services. Total federal funding available over the life of the demonstration is estimated to be \$11.3 million. DPHHS received federal approval for MFP and began implementation in the fall of 2012.

Figure 11 shows the changes made by this new proposal. The appropriations for Medicaid personal assistance and home health (\$46.3 million) are reallocated to CFC and MFP. Because the CFC option includes an enhanced federal Medicaid match rate (an extra 6%), the general fund reallocated from Medicaid personal assistance and home health services leverages \$17.1 million more in federal matching funds to provide community services for persons who meet the level of care requirements for nursing home or hospital services. A portion of the funding for Medicaid services is reallocated to pay for administration of the new program, including funding for 1.00 new FTE.

Figure 11

Total Change Included in DP 2222 Med Ben Personal Assistance Services Refinance						
Component	FY 2014 Executive Request			FY 2015 Executive Request		
	General Fund	Federal	Total	General Fund	Federal	Total
Community First Choice Admin	\$85,161	\$186,885	\$272,046	\$71,095	\$144,687	\$215,782
Community First Choice Services	10,634,110	27,996,566	38,630,676	14,942,735	39,241,560	54,184,295
Money Follows the Person Services	409,280	804,120	1,213,400	619,951	1,215,308	1,835,259
Reduction to Home Based Services	(11,128,551)	(21,864,485)	(32,993,036)	(15,633,781)	(30,647,393)	(46,281,174)
Annual Change	\$0	\$7,123,086	\$7,123,086	\$0	\$9,954,162	\$9,954,162
Total Biennial Change - Federal Funds						\$17,077,248

Funding in this new proposal would be used to pay for services for people who are moving into a community setting from:

- A nursing facility
- An intermediate care facility for people with developmental disabilities (Montana Developmental Center)

In addition, the new proposal would fund community services for:

- Youth with serious emotional disturbances (Medicaid programs administered by the Developmental Services Division - DSD)
- Adults with a serious and disabling mental illness (Medicaid and state facility services administered by the Addictive and Mental Disorders Division - AMDD)

The new proposal would pay for demonstration and supplemental services to augment basic services for 365 days for each individual who successfully transitions into the community using MFP demonstration funding. For instance, funds would be available to help pay for housing in the community.

The new proposal funds 1.00 FTE program specialist, who would be responsible for CFC provider agency enrollment, provider agency training, database system training, agency quality assurance review, and case management training. Additionally, this FTE would coordinate the on-going CFC stakeholder group and the cross-division (SLTC, AMDD, DSD) connection.

Federal Requirements Related to Enhanced Match

In order to qualify for the enhanced match, Montana must meet several specific requirements including:

- Developing the CFC benefit with the input of a stakeholder council that includes a majority of members with disabilities, elderly individuals, and their representatives
- Establishing and maintaining a comprehensive continuous quality assurance system specifically for the CFC benefit
- Collecting and reporting information for federal oversight and the completion of a federal evaluation of the program
- For the first 12 month period, maintaining or exceeding the level of expenditures for home and community-based attendant services provided under the state Medicaid plan, waivers or demonstrations for the preceding 12 month period

Persons Served

Figure 12 shows the estimated number of persons served by MFP funding. The estimate was submitted as part of the demonstration grant application. Youth transitioning from psychiatric residential treatment facilities are expected to be the majority of persons served, followed by persons with a physical disability.

Figure 12

Money Follows the Person Demonstration Estimate of Number of Persons Served by Calendar Year						
Calendar Year	Elderly	Developmental Disability	Physical Disability	Mental Illness	Other*	Total
2012	0	0	0	0	0	0
2013	5	5	5	3	15	33
2014	10	5	10	7	30	62
2015	10	5	15	10	30	70
2016	<u>10</u>	<u>5</u>	<u>20</u>	<u>10</u>	<u>25</u>	<u>70</u>
Total	35	20	50	30	100	235
% of Total	14.9%	8.5%	21.3%	12.8%	42.6%	100.0%
*Other is defined as youth with a serious emotional disturbance, transitioning from residential psychiatric facilities.						

Changing from Waiver to Entitlement Services

The CFC option would change the category of some Medicaid services from waiver status to an entitlement. Under a Medicaid waiver enrollment and/or the amount and types of services provided can be limited. Under an entitlement, the state must provide medically necessary services to individuals meeting eligibility criteria. Waiver services typically have more budget certainty than entitlement services. LFD staff has asked DPHHS to provide information on the types of services that would become an entitlement as a result of implementing the CFC option as well as the types of actions that DPHHS could take to control

costs if the CFC costs exceed the appropriation.

**LFD
ISSUE**
Number of Persons Served

LFD staff requested comparable information on the number of persons expected to be served with CFC funding as part of the integrated plan for expansion of community based services and Medicaid funded nursing care cost that was discussed in the division overview. The information was not provided in time to be evaluated and included in the budget analysis. The legislature may wish to review the total number and eligibility of persons expected to be served in the expansion under CFC and MFP each fiscal year. The legislature may wish to consider whether the executive budget for the following services takes into account the savings that would be attributable to serving more persons in the community or potentially shortening their stay in a higher cost institutional setting due to CFC and MFP:

- Senior and Long Term Care
 - Nursing home services
- Addictive and Mental Disorders
 - Montana State Hospital
 - Montana Mental Health Nursing Care Center
- Developmental Services Division
 - Children's mental health Medicaid services
 - Montana Developmental Center

CFC Administrative Costs

The federal grant application submitted for this new proposal includes administrative costs that are different than those included in NP 2222. Figure 13 shows the administrative budget included in the federal grant application compared to the amount included in the executive budget request. The grant application estimates administrative costs of \$1.4 million compared to the executive budget request of about \$0.5 million.

Figure 13

CFC Administrative Cost Comparison Executive Budget and Federal Grant Application		
Source	FY 2014	FY 2015
<u>Executive Budget Request</u>		
FTE	1.00	1.00
Personal Services	\$64,005	\$63,881
Operating Costs	<u>208,041</u>	<u>151,901</u>
Total	272,046	215,782
General Fund Cost	85,161	71,095
<u>Federal Grant Application</u>		
FTE	4.00	4.00
Personal Services	282,489	282,489
Operating Costs	<u>523,140</u>	<u>332,390</u>
Total	805,629	614,879
Est General Fund Cost	<u>252,193</u>	<u>202,588</u>
General Fund Difference	<u>\$167,032</u>	<u>\$131,493</u>

DPHHS responded to an LFD staff request about the difference in administrative costs, noting that ongoing administrative costs related to CFC were included in the NP and that the grant application included administrative costs related to the 5 year MFP grant. The legislature may wish to review the information prior to taking action on this new proposal. The legislature may wish to include administrative costs for MFP in HB 2 or HB 4 (budget amendment bill).

DP 22901 - PRI Med Ben Core Nursing Homes - This new proposal would fund a 2% provider rate increase in each year of the biennium for nursing home services.

DP 22902 - PRI Med Ben Core Home Based Services - This new proposal new proposal would fund a 2% provider rate increase in each year of the biennium for home based entitlement services.

DP 22903 - PRI Med Ben Waiver SLTC - This new proposal would fund a 2% provider rate increase in each year of the biennium for Medicaid community based waiver services for elderly and physically disabled persons.

Sub-Program Details

VETERANS SERVICES 02

Sub-Program Proposed Budget

The following table summarizes the total executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
FTE	144.24	0.00	1.00	145.24	0.00	1.00	145.24	145.24
Personal Services	6,745,323	615,718	54,978	7,416,019	600,972	54,864	7,401,159	14,817,178
Operating Expenses	5,453,171	234,344	3,206	5,690,721	339,861	1,265,454	7,058,486	12,749,207
Equipment & Intangible Assets	110,038	0	0	110,038	0	0	110,038	220,076
Debt Service	86,083	(10,000)	0	76,083	(10,000)	0	76,083	152,166
Total Costs	\$12,394,615	\$840,062	\$58,184	\$13,292,861	\$930,833	\$1,320,318	\$14,645,766	\$27,938,627
State/Other Special	6,708,545	670,732	58,184	7,437,461	665,381	206,703	7,580,629	15,018,090
Federal Special	5,686,070	169,330	0	5,855,400	265,452	1,113,615	7,065,137	12,920,537
Total Funds	\$12,394,615	\$840,062	\$58,184	\$13,292,861	\$930,833	\$1,320,318	\$14,645,766	\$27,938,627

Sub-Program Description

Montana Veterans' Home (MVH)

The Montana Veterans' Home is a 105 bed licensed and certified skilled nursing facility located in Columbia Falls, providing all of the care that is typically found in any community nursing home. In addition to the nursing facility, MVH operates a 12 bed domiciliary unit. The domiciliary provides supervision and assistance in a residential setting to veterans who are able to meet their own self-care needs. Montana veterans are admitted if they are over 55 years of age or in need of care, and have had active service in the armed forces. Spouses of veterans may also be admitted if space is available. The FY 2012 average population was 98 residents in the skilled nursing program and 11 persons in the domiciliary. As is the case with most nursing facilities, the facility participates in the Medicaid and Medicare programs. In addition, MVH historically has been funded by charging members for their care at the facility based on their ability to pay. As of October 1, 2012 the federal Department of Veterans' Affairs contributed \$95.82 per day for the nursing facility and \$39.90 per day for the domiciliary each month.

Eastern Montana Veterans' Home (EMVH)

The Eastern Montana Veterans' Home operations are provided through a contract with a private provider. EMVH provides 80 skilled and intermediate nursing home beds, including 16 beds dedicated to Alzheimer or dementia residents. The Glendive Medical Center has been the independent contractor responsible for management and operation of the facility since the facility opened its doors in 1995. A SLTC employee located on site at the facility is responsible for monitoring contract compliance and serves as the liaison between the state, the contractor, and the VA. The EMVH average occupancy for FY 2012 was 61 residents or an occupancy rate of 76%.

Southwest Montana Veterans' Home (SMVH)

The 2011 Legislature approved construction of a new veterans' home in Butte. HB 296 authorized construction and allocated 1.2% of cigarette taxes through FY 2016 for construction of the home. The total construction cost is estimated to be \$13.8 million, with the state share of costs estimated to be \$4.8 million. Federal construction funds had not been appropriated as of November 15, 2012.

The 2015 biennium executive budget request includes a new proposal for startup costs. SMVH would be operated by a contractor with 1.00 SLTC FTE on site to provide contract monitoring and compliance. The SMVH campus will house a

60 bed state veterans' home developed with a community living design concept that consists of 5 cottages that will house 12 veteran residents each.

Veteran's Homes Budget Discussion

Veterans' services are 4% of the SLTC 2015 biennium budget request. Figure 14 shows the FY 2012 base budget compared to the executive budget request for each veterans' home.

MVH has the largest budget at \$10.8 million in FY 2015. Personal services costs increase about \$600,000 over the base expenditures, due to reinstatement of about \$418,000 annually in overtime, shift differential, and holidays worked, which is removed from base budget expenditures. The balance is due to pay increases granted during the interim and fully funding positions that were vacant during the base year. MVH operating costs increase due to inflationary adjustments.

MVH funding increases are predominantly from cigarette tax funding. Federal VA reimbursements increase about \$100,000 over the base budget in FY 2014 and about \$165,000 in FY 2015.

EMVH costs increase due to anticipated inflation in federal VA per diem reimbursements that are passed through to the contractor.

SMVH costs reflect anticipated start up in FY 2015. The facility capacity is 60 persons, and the executive budget anticipates that SMVH will serve 30 persons in the last half of the fiscal year.

Legislative Audit

During the 2011 legislative session, the House Administration Committee requested an audit of the veterans' homes during the 2011 legislative session due in part to questions raised in the LFD budget analysis concerning the relative cost of MVH compared to EMVH and similar facilities in the Flathead area. The Legislative Audit Division completed a performance audit June 2012 and concluded that:

- The allocation of cigarette taxes between MVH and EMVH provided a greater subsidy to MVH residents and recommended that the legislature review the allocation of cigarette taxes between the two facilities
- DPHHS should implement a cost containment plan at MVH that reduces costs

The audit identified operational changes at MVH that could be considered to achieve cost savings. Those changes are:

- Seeking a reduction in the cost of workers' compensation insurance

Figure 14

Senior and Long Term Care Division - Veterans' Homes FY 2012 Costs, FY 2013 Appropriation and Revenues Compared to 2015 Biennium Budget Request				
Facility/ Cost/Funding	Actual FY 2012	Appropriation FY 2013	Executive Request	
			FY 2014	FY 2015
Montana Veterans' Home				
FTE	143.04	143.04	143.04	143.04
Personal Services	\$6,680,849	\$7,048,853	\$7,289,811	\$7,275,215
All Other	<u>3,293,033</u>	<u>3,614,281</u>	<u>3,449,607</u>	<u>3,520,761</u>
Total Cost	9,973,882	10,663,134	10,739,418	10,795,976
General Fund	0	0	0	0
State Special Revenue	6,438,740	7,799,850	7,099,860	7,095,224
Federal Special Revenue	<u>3,535,142</u>	<u>2,863,284</u>	<u>3,639,558</u>	<u>3,700,752</u>
Total Funding	9,973,882	10,663,134	10,739,418	10,795,976
Population*	109	100	106	106
Annual Cost Per Person	\$91,369	\$106,952	\$101,661	\$102,196
Cost Per Day	\$250	\$293	\$279	\$280
Annual Change		17.05%	-4.95%	0.53%
Annual Per Person Reimbursement				
State Special Revenue	58,984	78,233	67,208	67,164
Annual Change		32.63%	-14.09%	-0.07%
Federal Special Revenue	\$32,385	\$28,719	\$34,452	\$35,032
Annual Change		-11.32%	19.96%	1.68%
Eastern Montana Veterans' Home				
FTE	1.20	1.20	1.20	1.20
Personal Services	64,474	67,385	71,230	71,080
All Other	<u>2,356,259</u>	<u>2,575,542</u>	<u>2,424,029</u>	<u>2,458,392</u>
Total Cost	2,420,733	2,642,927	2,495,259	2,529,472
State Special Revenue	269,805	272,975	279,417	278,702
Federal Special Revenue	<u>2,150,928</u>	<u>2,369,952</u>	<u>2,215,842</u>	<u>2,250,770</u>
Total Funding	\$2,420,733	\$2,642,927	\$2,495,259	\$2,529,472
Population*	61	64	61	61
Annual Cost Per Person	\$39,992	\$41,334	\$41,034	\$41,596
Cost Per Day	\$110	\$113	\$112	\$114
Annual Change		3.36%	-0.73%	1.37%
Annual Per Person Reimbursement				
State Special Revenue	4,457	4,269	4,595	4,583
Annual Change		-4.2%	7.6%	-0.3%
Federal Special Revenue	35,535	37,065	36,439	37,013
Annual Change	n/a	4.31%	-1.69%	1.58%
Southwest Montana Veterans' Home				
FTE			1.00	1.00
Personal Services			54,978	54,864
All Other			<u>3,206</u>	<u>1,265,454</u>
Total Cost			58,184	1,320,318
State Special Revenue			58,184	206,703
Federal Special Revenue			0	<u>1,113,615</u>
Total Funding			58,184	1,320,318
Population**				30
Annual Cost Per Person			n/a	\$44,011
Cost Per Day			n/a	\$121
Annual Per Person Reimbursement				
State Special Revenue				6,890
Federal Special Revenue				37,121

*The FY 2013 population is based on DPHHS estimates as of December 6, 2012 and the appropriation amounts are those included in HB 2.

**The licensed capacity of SMVH is 60 persons. The 2015 biennium budget anticipates that the facility will commence operations mid way through FY 2015.

- Devising a more efficient method of laundering goods to reduce dependence on either full time employees or contracted services
- Negotiating with employee unions to seek the elimination of free employee meals as a component of the benefit package
- Reducing expenses for maintenance and repairs
- Reducing staffing to industry norms in the areas of food service, social services, and plant and operating
- Seeking economies in telephone and communication expenses

**LFD
ISSUE**MVH Cost Containment Plan

DPHHS concurred with the audit recommendations. The legislature could ask DPHHS to discuss the cost containment plan for MVH that it developed to implement the audit recommendations. The legislature could consider whether it could make changes to the executive budget request based on the plan and could then evaluate the differential in the cigarette tax subsidy provided to residents of the veterans' homes.

Funding

Veterans' services are funded from:

- Federal VA per diem payments
- Payments by veterans for their care
- Cigarette tax state special revenue
- Medicare and Medicaid funds

As noted in the division overview, cash balances in the cigarette tax fund in excess of \$2.0 million at fiscal year end are transferred to the general fund.

**LFD
ISSUE**Offset to Cigarette Tax Funding for MVH

MVH serves veterans and their spouses. Spouses pay for MVH services from personal resources, Medicare, insurance or Medicaid, which is recorded as state special revenue. The portion of state special revenue remains constant even though the executive budget for MVH costs of the facility rises about \$800,000 per year. The legislature may wish to discuss how DPHHS establishes MVH rates for persons who pay for those services. If the MVH rate is based on facility costs, then the revenue from self pay, insurance, and Medicaid would increase and the legislature could reduce reliance on the cigarette tax.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent Of Budget
Base Budget	0	0	0	0.00%	12,394,615	12,394,615	24,789,230	88.73%
Statewide PL Adjustments	0	0	0	0.00%	223,465	211,911	435,376	1.56%
Other PL Adjustments	0	0	0	0.00%	616,597	718,922	1,335,519	4.78%
New Proposals	0	0	0	0.00%	58,184	1,320,318	1,378,502	4.93%
Total Budget	\$0	\$0	\$0		\$13,292,861	\$14,645,766	\$27,938,627	

The majority of the Veterans' Services 2015 biennium budget supports continuation of current services. The new proposal supports startup of the Southwest Montana Veterans' Home, which had not yet received approval for federal construction funds as of November 15, 2012.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2014					Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				486,469					455,550
Vacancy Savings				(289,271)					(288,041)
Inflation/Deflation				(184)					12,029
Fixed Costs				26,451					32,373
Total Statewide Present Law Adjustments	\$0	\$223,465	\$0	\$223,465		\$0	\$211,911	\$0	\$211,911
DP 22210 - Required Overtime/Holiday/Differential Pay	0.00	0	418,520	418,520	0.00	0	433,463	0	433,463
DP 22211 - Facility Inflation MVH	0.00	0	133,163	133,163	0.00	0	185,617	0	185,617
DP 22212 - Fed Authority for VA Per Diem MVH	0.00	0	(104,416)	104,416	0.00	0	(165,610)	165,610	0
DP 22213 - Fed Authority for VA Per Diem EMVH	0.00	0	64,914	64,914	0.00	0	0	99,842	99,842
DP 22218 - EMVH Rent Annualization Fund Switch	0.00	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$0	\$447,267	\$169,330	0.00	\$0	\$453,470	\$265,452	\$718,922
Grand Total All Present Law Adjustments	0.00	\$0	\$670,732	\$169,330	0.00	\$0	\$665,381	\$265,452	\$930,833

DP 22210 - Required Overtime/Holiday/Differential Pay - This present law adjustment would fund overtime, holidays worked, differential pay, and the corresponding benefits for the Montana Veterans' Home personal services related to operating a facility with 24-hour staffing requirements. The funding includes support of aggregate positions, which are used to provide coverage for staff on sick leave or vacation. This request is funded from cigarette tax state special revenue. These expenses are zero-based and must be requested in full each biennium.

DP 22211 - Facility Inflation MVH - This present law adjustment funds inflationary increases in operations, medical and pharmacy costs. Figure 15 shows base expenditures, the adjusted base (including inflation for some) and other inflationary increases for FY 2014 and FY 2015 respectively by type of expenditure compared to total operating, equipment, and debt service costs. Inflation adjustments used in developing this request are different from inflation rates used to develop other state facility inflation adjustments. The issue is discussed in the agency overview.

Figure 15

MVH Inflation Increases to Adjusted Based Budget and Additional Inflation Requested							
Operating Cost	Base Budget	Adjusted Base		<--- FY 2014 --->		<--- FY 2015 --->	
		Inflation	% Incr. from Base	Additional Inflation	% Incr. from Base	Additional Inflation	% Incr. from Base
Contracted Services	\$397,870	\$0	0.0%	\$39,784	10.0%	\$39,784	10.0%
Laboratory Testing	32,036	0	0.0%	1,922	6.0%	3,959	12.4%
Laundry	133,884	0	0.0%	13,088	9.8%	13,088	9.8%
Medical Services	87,096	0	0.0%	8,710	10.0%	8,710	10.0%
Food Services Expense	10,928	0	0.0%	1,093	10.0%	1,093	10.0%
Prescription Services	143,798	0	0.0%	14,680	10.2%	14,680	10.2%
System Development	10,310	0	0.0%	825	8.0%	1,716	16.6%
Clothing and Personal	6,551	0	0.0%	393	6.0%	810	12.4%
Disposable Briefs	84,086	0	0.0%	4,204	5.0%	8,619	10.3%
Medical and Hospital	130,702	0	0.0%	6,535	5.0%	13,397	10.3%
Photo/Reproduction	11,367	0	0.0%	455	4.0%	928	8.2%
Drugs	89,035	0	0.0%	4,452	5.0%	9,126	10.2%
Paper/Non State	60,378	0	0.0%	3,019	5.0%	6,189	10.3%
Meat	79,555	2,347	3.0%	3,978	5.0%	8,155	10.3%
Dair	64,555	1,904	2.9%	3,228	5.0%	6,617	10.3%
Produce	46,561	1,374	3.0%	2,328	5.0%	4,772	10.2%
Bakery	16,425	485	3.0%	821	5.0%	1,683	10.2%
Linens and Bedding	14,056	0	0.0%	703	5.0%	1,441	10.3%
Grocery	229,780	6,779	3.0%	11,489	5.0%	23,552	10.2%
Janitorial/Non State	38,096	0	0.0%	1,905	5.0%	3,905	10.3%
Water and Sewage	37,980	0	0.0%	1,899	5.0%	3,893	10.3%
Garbage and Trash	16,800	0	0.0%	1,680	10.0%	3,528	21.0%
Buildings and Grounds	410,973	0	0.0%	10,000	2.4%	10,000	2.4%
Maintenance Contracts	26,544	0	0.0%	3,982	15.0%	3,982	15.0%
Taxes, Assessments	19,903	0	0.0%	1,990	10.0%	1,990	10.0%
Principal Leases	4,091	0	0.0%	(7,368)	-180.1%	(7,368)	-180.1%
Interest Leases	1,113	0	0.0%	(2,632)	-236.5%	(2,632)	-236.5%
Sub-Total	2,204,473	12,889	0.6%	133,163	6.0%	185,617	8.4%
Total Inflationary Increase				\$146,052		\$198,506	
Total Operating Costs	\$3,293,033	\$3,316,447		\$3,449,607		\$3,520,761	
Inflation as % of Total Operating Cost		0.4%		4.0%		5.6%	

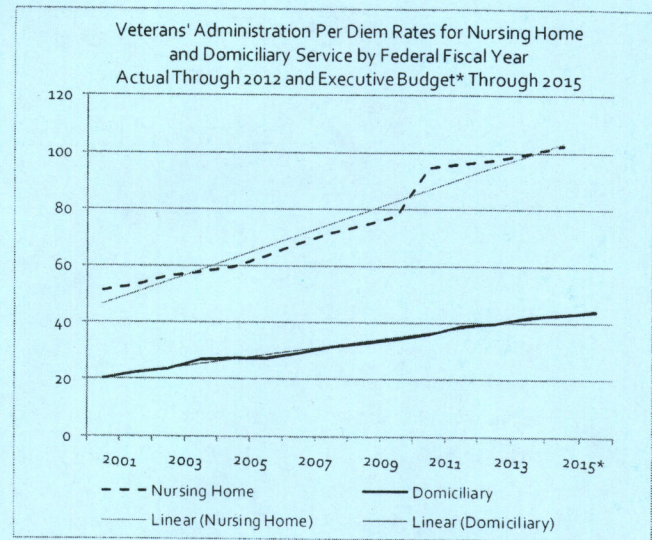
DP 22212 - Fed Authority for VA Per Diem MVH - This request adds federal authority for the federal Veterans' Administration per diem rates that will be reimbursed for the domiciliary and nursing facility days of care at MVH in the 2015 biennium. VA per diem rates change on October 1st of each year, and this request estimates a 2% increase in the per diem payments in each year of the biennium. This funding shifts expenses from state special revenue (cigarette taxes) to federal funds. Over the biennium, state special revenue decreases by \$207,026 and federal revenue increases by a like amount.

**LFD
ISSUE****Federal VA Per Diem Payments May be Higher than Estimated by the Executive**

Federal VA per diem payments have increased an average of 5.75% from federal fiscal year (FFY) 2000 through 2012. The figure shows the actual per diem payments for nursing home and domiciliary care through FFY 2013 and projected per diem payments through FFY 2015 based on the historic trend of a 2.2% each year from the FFY 2013 base amount.

Veterans' homes receive additional payments for services provided to veterans who are 70% or more disabled. Those payments vary by the number of eligible veterans. The VA does not publish discrete values for those payments. While those payments are not included in the graph of historic VA per diem payment, they are included in average reimbursement in the following figure.

The historic trend projection for total federal VA payments (per diem and payments for disabled veterans) is higher than the executive budget request by about \$101,500 for MVH and by about \$58,000 for EMVH (see DP 22213 below). If the legislature adopts the historic trend scenario for federal reimbursements it would lower the cigarette tax funding required for support of MVH and EMVH and increase estimated cigarette tax reversions to the general fund by about \$159,000 over the biennium. The figure below shows the historic trend scenario compared to the executive budget request.

Figure 16**Figure 17**

Comparison of Executive Budget and Historic Trend for Federal Veterans' Administration Reimbursement for Veterans' Homes			
Facility/Service/Estimate	Base Amount	FY 2014	FY 2015
Montana Veterans' Home			
Nursing Facility Care	\$107.99		
Executive Budget		\$111.15	\$113.01
Historic Trend		<u>112.36</u>	<u>114.83</u>
Trend Over (Under) Exec.		\$1.21	\$1.82
Total Annual Difference		\$37,949	\$57,242
Domiciliary	\$41.61		
Executive Budget		\$43.16	\$43.98
Historic Trend		<u>43.29</u>	<u>44.24</u>
Trend Over (Under) Exec.		\$0.13	\$0.26
Total Annual Difference		\$2,112	\$4,176
Eastern Montana Veterans' Home			
Nursing Facility Care	\$107.93		
Executive Budget		\$111.19	\$112.94
Historic Trend		<u>112.29</u>	<u>114.76</u>
Trend Over (Under) Exec.		\$1.10	\$1.82
Total Annual Difference		<u>\$21,983</u>	<u>\$36,288</u>
Grand Total Annual Difference		<u>\$62,044</u>	<u>\$97,706</u>
Biennial Difference			<u>\$159,750</u>
*Federal VA reimbursement includes per diem payments and additional payments for veterans who are more than 70% disabled.			

DP 22213 - Fed Authority for VA Per Diem EMVH - This request adds federal authority for the federal Veterans' Administration per diem rates that will be reimbursed for the nursing facility days of care at Eastern Montana Veterans' Home (EMVH) in the 2015 biennium. The VA per diem rate increases effective October 1st of each year. This request is based on an estimated 2% annual increase. The federal VA payments are passed through to the contractor, who operates this facility.

DP 22218 - EMVH Rent Annualization Fund Switch - This proposal would fund the lease agreement between the federal Veterans' Administration and the state to pay for space occupied by the Community Based Outpatient Clinic at the Eastern Montana Veterans' Home. Base year costs were funded from cigarette tax revenues. This request is a fund switch to reduce state special revenue from cigarette tax and replace it with state special revenue from the lease payments made under this agreement by the Veterans' Administration.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22102 - Southwest Montana Veterans' Home										
02	1.00	0	58,184	0	58,184	1.00	0	206,703	1,113,615	1,320,318
Total	1.00	\$0	\$58,184	\$0	\$58,184	1.00	\$0	\$206,703	\$1,113,615	\$1,320,318

DP 22102 - Southwest Montana Veterans' Home - This request would fund ongoing operating costs, including 1.00 FTE state liaison, and the federal VA per diem revenue pass through for the Southwest Montana Veterans' Home (SMVH) in Butte. Federal budget legislation includes funding for 65% of the cost of construction for the facility, if the construction grant is approved during FY 2013. SMVH is a 60-bed cottage concept campus that will be operated as a contracted state veterans' home and requires that a state liaison be on site at the facility. The budget is based on the assumption that the facility will be completed by June 2014. Therefore, startup costs and maintenance funding of approximately \$150,000 would be necessary in FY 2015.

LFD COMMENT

Federal VA funding has been included in spending bills being considered by Congress. The legislature may wish to review the status of the potential federal appropriation. The legislature could make the appropriation contingent on receipt of federal funding for construction of SMVH if it approves the appropriation request.

Sub-Program Details

AGING SERVICES 03

Sub-Program Proposed Budget

The following table summarizes the total executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00	11.00
Personal Services	490,804	170,624	0	661,428	170,077	0	660,881	1,322,309
Operating Expenses	359,277	373,692	0	732,969	381,210	0	740,487	1,473,456
Grants	8,665,823	1,707,333	1,500,000	11,873,156	1,949,706	1,500,000	12,115,529	23,988,685
Benefits & Claims	1,015,000	28,200	209,887	1,253,087	56,400	423,971	1,495,371	2,748,458
Total Costs	\$10,530,904	\$2,279,849	\$1,709,887	\$14,520,640	\$2,557,393	\$1,923,971	\$15,012,268	\$29,532,908
General Fund	4,160,429	76,389	1,709,887	5,946,705	110,144	1,923,971	6,194,544	12,141,249
Federal Special	6,370,475	2,203,460	0	8,573,935	2,447,249	0	8,817,724	17,391,659
Total Funds	\$10,530,904	\$2,279,849	\$1,709,887	\$14,520,640	\$2,557,393	\$1,923,971	\$15,012,268	\$29,532,908

Sub-Program Description

The Office on Aging has been designated as the State Unit on Aging for the purposes of administering the Older Americans Act programs in Montana. The Office on Aging contracts with the "Aging Network", which consists of 10 Area Agencies on Aging (AAA), 34 county councils, 157 senior centers, 173 congregate meal sites, and 137 home delivered meal providers as well as other local providers serving Montana's elderly population 60 years and older. The Office on Aging develops the state plan on aging and approves service delivery plans and programs developed by the 10 AAA's located across Montana. Among the services provided by AAA are senior centers, Meals on Wheels, health services, transportation, public education, information and assistance, long-term care ombudsman, and other services.

Aging Services Budget Overview

The 2015 biennium executive budget request is about \$8.5 higher than the base budget (doubled). The most significant changes are:

- \$4.4 million in additional federal grants for aging services
- \$3.0 million general fund to continue a one-time appropriation for aging services
- \$0.6 million general fund for a 2% annual provider rate increase

Funding

Aging Services is funded by general fund and federal categorical grant funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent Of Budget
Base Budget	4,160,429	4,160,429	8,320,858	68.53%	10,530,904	10,530,904	21,061,808	71.32%
Statewide PL Adjustments	42,617	42,493	85,110	0.70%	170,465	169,971	340,436	1.15%
Other PL Adjustments	33,772	67,651	101,423	0.84%	2,109,384	2,387,422	4,496,806	15.23%
New Proposals	1,709,887	1,923,971	3,633,858	29.93%	1,709,887	1,923,971	3,633,858	12.30%
Total Budget	\$5,946,705	\$6,194,544	\$12,141,249		\$14,520,640	\$15,012,268	\$29,532,908	

The majority of the 2015 biennium budget request supports continuation of present law services. New proposals would continue a one-time general fund appropriation that has been authorized the last two biennia and would provide appropriation authority for federal grant increases.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these

items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					198,184					197,614
Vacancy Savings					(27,560)					(27,537)
Inflation/Deflation					(159)					(106)
Total Statewide Present Law Adjustments		\$42,617	\$0	\$127,848	\$170,465		\$42,493	\$0	\$127,478	\$169,971
DP 22214 - Aging Grant Funding	0.00	0	0	2,075,612	2,075,612	0.00	0	0	2,319,771	2,319,771
DP 22215 - State Supplemental Payments	0.00	33,772	0	0	33,772	0.00	67,651	0	0	67,651
Total Other Present Law Adjustments	0.00	\$33,772	\$0	\$2,075,612	\$2,109,384	0.00	\$67,651	\$0	\$2,319,771	\$2,387,422
Grand Total All Present Law Adjustments	0.00	\$76,389	\$0	\$2,203,460	\$2,279,849	0.00	\$110,144	\$0	\$2,447,249	\$2,557,393

Statewide present law personal services adjustments include fully funding positions that were vacant during the base year and pay increases implemented by DPHHS during the 2013 biennium. None of the positions in the Aging Services program were vacant for a full year. However, there were several that were vacant at various times resulting in about a 10% vacancy rate (about \$52,000). Pay increases added about \$37,000 each year of the 2015 biennium

DP 22214 - Aging Grant Funding - This present law adjustment would add appropriation authority for anticipated federal grant increases for aging services. These grants are awarded as renewal contracts to the Area Agencies on Aging and are funded with 100% federal funds.

DP 22215 - State Supplemental Payments - This present law adjustment would add general fund to pay the anticipated cost of state supplemental payments for an additional 25 individuals, who will be moving from institutional disability services into the community each year of the biennium. State supplemental payments provide a monetary addition to the Social Security payment made to SSI eligible individuals who reside in designated residential care facilities. Monthly benefits are \$94. In addition, DPHHS pays the Social Security Administration an administrative fee to process the payments. The administrative fee is estimated to be \$11.12 in 2014 and \$11.30 in 2015 per payment.

LFD COMMENT

request.

Information documenting this budget addition was requested, but not provided by DPHHS in time to be evaluated and included in the budget analysis. The legislature may wish to review historic information on the number of persons receiving supplemental payments prior to acting on this appropriation request.

New Proposals

New Proposals										
Sub Program	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22101 - Aging Services -OTO										
03	0.00	1,500,000	0	0	1,500,000	0.00	1,500,000	0	0	1,500,000
DP 22904 - PRI - Aging Services										
03	0.00	209,887	0	0	209,887	0.00	423,971	0	0	423,971
Total	0.00	\$1,709,887	\$0	\$0	\$1,709,887	0.00	\$1,923,971	\$0	\$0	\$1,923,971

DP 22101 - Aging Services -OTO - This new proposal would continue \$1.5 million general fund in each year of the biennium to support aging programs administered by Area Agencies on Aging. The one-time funding was initially added by the 2009 Legislature and then continued as a one-time appropriation by the 2011 Legislature. A list of services that were funded by the \$1.5 million one-time general fund appropriation in the base budget year is listed in the appendix.

DP 22904 - PRI - Aging Services - This new proposal would fund a 2% provider rate increase in each year of the biennium for Aging Services in Senior and Long Term Care Division. The rate increase is funded entirely from the general fund.

**LFD
ISSUE**Funding for Provider Rate Increase

The legislature may wish to request information about what portion of the provider rate increase could be funded from federal grant funds. While some federal categorical grants are included in potential sequestration action, any other federal grant increases might be available to fund all or part of a provider rate increase if the legislature authorizes one.

Sub-Program Details**SLTC DIVISION ADMINISTRATION 04****Sub-Program Proposed Budget**

The following table summarizes the total executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
FTE	4.50	0.00	0.00	4.50	0.00	0.00	4.50	4.50
Personal Services	350,086	2,922	0	353,008	4,288	0	354,374	707,382
Operating Expenses	65,937	7,309	0	73,246	15,073	0	81,010	154,256
Total Costs	\$416,023	\$10,231	\$0	\$426,254	\$19,361	\$0	\$435,384	\$861,638
General Fund	184,789	7,365	0	192,154	14,592	0	199,381	391,535
State/Other Special	59,899	427	0	60,326	631	0	60,530	120,856
Federal Special	171,335	2,439	0	173,774	4,138	0	175,473	349,247
Total Funds	\$416,023	\$10,231	\$0	\$426,254	\$19,361	\$0	\$435,384	\$861,638

Sub-Program Description

SLTC Division Administration provides oversight and administrative support for the division's other four divisions, including both Montana veterans' homes.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent Of Budget
Base Budget	184,789	184,789	369,578	94.39%	416,023	416,023	832,046	96.57%
Statewide PL Adjustments	1,318	1,943	3,261	0.83%	2,951	4,353	7,304	0.85%
Other PL Adjustments	6,047	12,649	18,696	4.78%	7,280	15,008	22,288	2.59%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$192,154	\$199,381	\$391,535		\$426,254	\$435,384	\$861,638	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					17,631					19,054
Vacancy Savings					(14,709)					(14,766)
Inflation/Deflation					29					65
Total Statewide Present Law Adjustments		\$1,318	\$427	\$1,206	\$2,951		\$1,943	\$631	\$1,779	\$4,353
DP 22216 - Motor Pool Car Request	0.00	2,092	0	373	2,465	0.00	2,092	0	373	2,465
DP 22217 - Private Lease Adjustment	0.00	3,955	0	860	4,815	0.00	10,557	0	1,986	12,543
Total Other Present Law Adjustments	0.00	\$6,047	\$0	\$1,233	\$7,280	0.00	\$12,649	\$0	\$2,359	\$15,008
Grand Total All Present Law Adjustments	0.00	\$7,365	\$427	\$2,439	\$10,231	0.00	\$14,592	\$631	\$4,138	\$19,361

DP 22216 - Motor Pool Car Request - This request would fund replacement of three cars used by Adult Protective Services and Community Services field staff. The cars being replaced were department-owned vehicles in Billings, Kalispell, and Great Falls. These vehicles were older and high mileage vehicles that were surplus as a result of repairs exceeding the value of the vehicle.

DP 22217 - Private Lease Adjustment - This present law adjustment would fund work space for employees in non-state owned buildings located throughout the state. All requests for lease adjustments are discussed in the agency overview.

Sub-Program Details**ADULT PROTECTIVE SERVICES 05****Sub-Program Proposed Budget**

The following table summarizes the total executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
FTE	41.25	0.00	0.00	41.25	0.00	0.00	41.25	41.25
Personal Services	2,168,681	14,598	0	2,183,279	13,723	0	2,182,404	4,365,683
Operating Expenses	472,331	5,895	0	478,226	7,360	0	479,691	957,917
Equipment & Intangible Assets	1,055	0	0	1,055	0	0	1,055	2,110
Benefits & Claims	25,486	0	0	25,486	0	0	25,486	50,972
Debt Service	201	0	0	201	0	0	201	402
Total Costs	\$2,667,754	\$20,493	\$0	\$2,688,247	\$21,083	\$0	\$2,688,837	\$5,377,084
General Fund	1,949,201	20,126	0	1,969,327	20,695	0	1,969,896	3,939,223
State/Other Special	327,823	0	0	327,823	0	0	327,823	655,646
Federal Special	390,730	367	0	391,097	388	0	391,118	782,215
Total Funds	\$2,667,754	\$20,493	\$0	\$2,688,247	\$21,083	\$0	\$2,688,837	\$5,377,084

Sub-Program Description

Adult Protective Services (APS) provides for adult guardianships and investigates, intervenes or prevents elder abuse, neglect, or exploitation of Montana seniors and disabled citizens. APS also coordinates a variety of support services directed at protecting Montana's vulnerable population. Services are provided by social workers and include:

- Receiving and investigating reports of the abuse, neglect or exploitation of elderly, developmentally disabled, and disabled adults
- Developing a case plan in cooperation with the client, including end of life decision making
- Arranging for ongoing support services from other state, county, and local agencies
- Assuming the role of court-ordered guardian, conservator, or surrogate decision maker, as agency of last resort, for those elderly and disabled who are unable to do so themselves

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent Of Budget
Base Budget	1,949,201	1,949,201	3,898,402	98.96%	2,667,754	2,667,754	5,335,508	99.23%
Statewide PL Adjustments	10,126	10,695	20,821	0.53%	10,493	11,083	21,576	0.40%
Other PL Adjustments	10,000	10,000	20,000	0.51%	10,000	10,000	20,000	0.37%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,969,327	\$1,969,896	\$3,939,223		\$2,688,247	\$2,688,837	\$5,377,084	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					105,568					104,654
Vacancy Savings					(90,970)					(90,931)
Inflation/Deflation					(4,105)					(2,640)
Total Statewide Present Law Adjustments										
		\$10,126	\$0	\$367	\$10,493		\$10,695	\$0	\$388	\$11,083
DP 22219 - Contractual Adjustments										
	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
Total Other Present Law Adjustments										
	0.00	\$10,000	\$0	\$0	\$10,000	0.00	\$10,000	\$0	\$0	\$10,000
Grand Total All Present Law Adjustments										
	0.00	\$20,126	\$0	\$367	\$20,493	0.00	\$20,695	\$0	\$388	\$21,083

DP 22219 - Contractual Adjustments - This request would provide additional funds for two contracts. One contract provides utilization review, level of care determinations, and prior authorization activities for programs in the division. Other costs provide for maintenance and enhancements to the Adult Protective Services computerized database used for tracking and reporting on abuse, neglect, and exploitation activities.

